



PRESS RELEASE

AG Gansler Secures Settlement with Verizon Over Misleading FiOS Offers

Consumers estimated to get \$1.375 million in restitution

Baltimore, MD (November 12, 2014) - Attorney General Douglas F. Gansler announced today that his Consumer Protection Division has entered into a settlement agreement with Verizon over allegations that it misrepresented the actual cost consumers were charged to utilize FiOS television, internet and phone services.

"Verizon's activities when it was rolling out FiOS established it as one of our office's biggest complaint generators," said Attorney General Gansler. "I'm pleased that Verizon is changing its marketing practices to accurately reflect the total cost of its services and that a significant number of consumers will receive restitution as a result of this agreement."

The settlement follows a wide-ranging investigation of Verizon, including its alleged failure to deliver promised promotional items to new FiOS customers, such as free televisions and gift cards; its offer of bundled prices that did not include the cost to lease equipment necessary to receive the services; its alleged practice of assessing early termination fees when customers cancelled after they did not receive what they had been promised; and other issues, including billing complaints, contract disputes and poor customer service. Although Verizon denied that it violated any Maryland laws, it agreed to a settlement that addresses the Division's concerns.

Under the terms of the settlement, Verizon agreed to pay an estimated \$1.375 million in restitution to Maryland consumers who the Division alleges were either improperly charged termination fees or paid equipment fees not adequately disclosed in Verizon's advertising. Verizon will directly provide restitution to eligible current customers while the Division will notify consumers who are no longer Verizon customers but are entitled to restitution. Verizon will also pay the Division a civil penalty of \$250,000 and \$75,000 in costs.

Additionally, Verizon has agreed to change its price advertising to accurately inform consumers about the actual costs to utilize its products. Verizon also must now provide consumers clearer written disclosures of the terms of their orders and give customers broader cancellation rights if their first bills do not accurately reflect their orders. The company also agreed to honor all price guarantees and allow consumers who do not receive an offered promotional price to cancel without penalty. Verizon will not offer promotional items it cannot deliver and agreed to implement improvements to its sales, customer service and billing functions. Verizon has also

agreed to resolve consumer complaints not already addressed in the settlement through the Consumer Protection Division's mediation and arbitration programs.